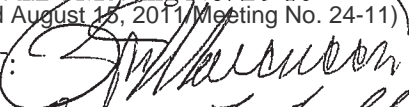


APPROVED: Meeting No. 20-10  
(Released August 15, 2011/ Meeting No. 24-11)

ATTEST:

  
Claire F. Funkhouser, CMC  
MAYOR AND COUNCIL

ROCKVILLE, MARYLAND

Executive Session after Meeting No. 7-10

March 1, 2010

Upon motion by Councilmember John Britton, duly seconded by Councilmember Piotr Gajewski, and unanimously passed, the Mayor and Council convened in Executive Session at 9:20 p.m. pursuant to Section 10-508 (4) of the State Government Article, Annotated Code of Maryland, to consider a matter that concerns the proposal for a business or industrial organization to locate expand, or remain in the City. The meeting took place in the Diamondback Terrapin Conference Room.

PRESENT

Mayor Phyllis R. Marcuccio

Councilmember John Britton

Councilmember Piotr Gajewski

Councilmember Bridget Donnell Newton

Councilmember Mark Pierzchala

In attendance: City Manager Scott Ullery, City Attorney Debra Yerg Daniel, and City Clerk Claire F. Funkhouser, and Assistant City Manager Jenny Kimball

Also present were: Sally Sternbach, Executive Director of Rockville Economic Development, Inc.; Steve Silverman, Montgomery County Office of Economic Development; Peter Brown, Montgomery County Office of Economic Development; Clayton and Preston Foulger, Foulger-Pratt.

**Re: Potential and Monetary Incentives for Possible Location of Choice Hotels  
Corporate Headquarters in the City of Rockville**

Director of the Montgomery County Office of Economic Development Steve Silverman thanked the Mayor and Council for the opportunity to discuss this matter with them. Clayton Foulger of Foulger Pratt described the major projects, past and present, that his company had been involved in developing in the greater Washington area. He said that Choice International Hotels was interested in locating their corporate headquarters in Building 2 of the approved buildings on the Folger Pratt site at the corner of Middle Lane and Route 355. They are looking for approximately 125,000 square feet in prime office space. The building would also include a major restaurant on the first floor. The office space would possibly be designed in conjunction of a Cambria Brand Choice Hotel in the approved project for the block where the parking lot for the theater is Located.

Sally Sternbach, Executive Director of REDI, reviewed the specifications desired by Choice for their ultimate destination. She said they were looking at other competitive sites in Bethesda and Northern Virginia, but have really narrowed the possibilities down to a few sites, of which the Folger-Pratt building is one. She said, therefore, this is an appropriate time to look at incentives that the County and the City might be able to put together to attract Choice to come to Rockville, with the hope that a package could be put together by the beginning of April.

Ms. Sternbach said that some initial things to consider are the current vacancy and foreclosure rate for commercial buildings, coupled with tight credit. The only building occurring now in Montgomery County seems to be in the public sector, such as the Courthouse and the Judicial Annex and projections are that it might take five to eight years to turn things around.

Mr. Silverman said that Northern Virginia has approximately fifty buildings available and Montgomery County has only ten to twelve buildings available, which puts Montgomery County at an immediate disadvantage. D.C. is also actively revitalizing so the need to be in Montgomery County has diminished somewhat. Virginia also has no corporate income tax. In response to that, Montgomery County is putting money on the table for the first time. Additionally, there could be some money from the state.

Rockville also has some incentives that could be offered in terms of tax credits and waivers under what was called the Miller Bill. This program has never been used by the City. Ms. Sternbach and Mr. Silverman reviewed the incentives that might be offered to Choice. Mr. Folger said that Folger Pratt was also willing to give Choice a profit share in the building. Another idea would be to use some of the excess parking in the Town Square garages to satisfy the parking requirement for the building, thereby keeping the building cost lower. In addition to monetary incentives, there might be an offer of some non-monetary components such as expedited permitting, identity options (building signage, street/location naming, etc.)

There was discussion about the merits of offering the credits and waivers as well as the parking as part of a package to Choice. The Rockville credits could amount to \$1.5 million and the credits from the county and the state could add up to 4.5 million for a total of \$6 million. There may still be a gap between what Choice is looking for and what could be provided by the combined governmental credits, but this discussion was necessary to see how the Mayor and Council felt about offering what was available to them. The Mayor and Council agreed this would be a good way to spur further

development in the Town Center and instructed staff and Ms. Sternbach to proceed to put together an offer for consideration by Choice, that would include the credits discussed

**Re: Adjournment**

There being no further business, the meeting adjourned at 11:10 p.m.